

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D. C. 20554

OFFICE OF
THE CHAIRMAN

March - 1976

Honorable Warren G. Magnuson
Chairman, Committee on Commerce
United States Senate
Washington, D. C.

Honorable Frank E. Moss
Chairman, Subcommittee for Consumers
United States Senate
Washington, D. C.

Dear Senators Magnuson and Moss:

By letter dated February 4, 1976, you requested information concerning each of the 25 most significant steps the FCC has taken during the past ten years to enhance the lot of the consumer. We are pleased to provide herewith the Commission's response to your request.

Several comments on the enclosed material are in order. First, we did not limit our response precisely to 25 actions, nor did we attempt to rank order them according to which we believed were more significant than the others. Rather, we have listed without particular order those items which we believe are prominent among actions the Commission has taken to enhance the lot of the consumer. However, because a complete list of all such actions over the past ten years would be much more lengthy than the Committee perhaps contemplated, we have made no attempt to list every single decision the Commission has made over the last ten years which has had a beneficial effect on consumers.

Second, it is important to recognize that not all of the Commission actions listed in the enclosed material were taken by unanimous vote of the Commission. Accordingly, individual Commissioners may have differing views on the extent to which a particular Commission decision served the public interest. Therefore, the enclosed report should only be construed to reflect the majority opinion of the Commission and is not intended to replace the views which individual Commissioners may have expressed independently on any particular matter.

We trust that the material we have enclosed is responsive to your inquiry.

Sincerely yours,

Richard E. Wiley
Chairman

Enclosures

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I. COMMON CARRIER

A. Domestic Private Line Services.

The Commission has taken three separate but interrelated actions with substantial consumer impact in the area of Domestic Private Line Services:

1. Specialized Common Carrier (SCC) Decision. In 1971, based on findings developed in a comprehensive rulemaking proceeding (Docket No. 18920), the Commission authorized the entry of new suppliers of interstate private line communications services in competition with the existing private line services of AT&T and Western Union.
2. Domestic Satellite Decision. Again based on a comprehensive inquiry and rulemaking proceeding (Docket 16495), in 1972 the Commission adopted a domestic satellite policy which followed the basic principles established in the Specialized Carrier decision, and authorized the entry of multiple, competitive suppliers of private line services via satellite.
3. Carrier Interconnection. In order to implement these Specialized Carrier and Domestic Satellite decisions, the Commission required that telephone carriers interconnect with the new private line carriers on a nondiscriminatory basis for intercity and local distribution facilities to complete their service offerings.

The consumer benefits flowing from these actions are significant. With respect to terrestrial services, the Commission's open entry policy has made available to users flexible and specialized communications systems which meet their unique needs. As a result of the SCC decision, expanded communications options have enhanced the ability of America's business community to conduct the nation's commercial affairs rapidly and efficiently. Consequently, American consumers have and will benefit from reduced costs and increased productivity attributable to a greater variety of more modern communications alternatives. Specific examples of innovative services not available prior to the Commission's SCC decision but now offered are:

- a) The first switched digital communications network was offered by an SCC. The new digital mode permits faster, more efficient, and more error free data

communications than the traditional analog mode employed by the existing carriers. This digital approach not only can increase capabilities for current communications facilities, but can reduce communications costs as well. More importantly, it is an increasingly important transmission mode for any data communications.

b) New "packet switching" capabilities were first offered by one of the SCC entrants to the competitive private line field. This innovative technology enhances the ability to maximize utilization of the communications facilities and also can lead to lower data communications costs.

c) More advanced high speed data and facsimile capabilities have been made available by specialized common carriers.

d) A communications network capable of linking incompatible computers will be offered by an SCC.

Open entry has helped assure that the new satellite technology will be employed in diverse and novel services which existing terrestrial carriers might have lacked incentives or capabilities to introduce. Some examples are:

a) Pay cable distribution to public.

b) Corporation for Public Broadcasting distribution system to public.

c) Service to Alaska - where conventional terrestrial systems will not work.

d) Rate integration for Alaska and Hawaii into the domestic rate pattern.

e) Capabilities to provide health services to remote regions demonstrated by HEW programs using the ATS 6 satellite.

B. Telephone Terminal Equipment.

Telephone Carriers historically had regarded terminal equipment (e.g. telephone consoles) as the kind of equipment which could only

be provided by the carrier itself. In 1968, the Commission decided that the customer should be able to connect non-carrier supplied equipment to the telephone network so long as it did not harm the network. Since 1968, the Commission has been actively working to refine its decision to permit the development of new and less expensive types of terminals spurred by competition, and to develop a simplified interconnection program.

The consumer has benefited greatly by the increased availability of new, innovative, and very useful terminal equipment. For example, terminals, which today are particularly important for business uses, will ultimately find their way into the residential users' hands. New and novel functions have been and will be developed such as electronic mail, electronic credit checks, electronic banking, electronic news, store and forward services, communications systems for the deaf, handy access to computers, and nationwide dial up facsimile capabilities for the average residential user. The potential is unlimited. Indeed, the telephone of the future will ultimately prove to be a multi-purpose communications device.

C. Mobile Radio Services.

In recent years there has been a tendency by many existing radio common carriers (RCC's) to restrict competition in their markets through the application of "Natural Monopoly" and similar practices. As a consequence, the number of choices available to the public in obtaining mobile telephone services has been limited. The Commission is adopting new policies to change this situation. The following are examples:

1. Previously, a new carrier seeking entry into a market already served by one or more carriers had to demonstrate that existing carriers were unable to meet the present need. In 1974, the Commission instituted a new policy whereby licenses will be granted if the applicant for a new frequency can effectively demonstrate substantial unsatisfied need for service. This policy, by avoiding lengthy hearings in many instances, enables new service to be made available to the public much sooner than before.

2. In 1971, the Commission adopted rules which provide for the use of two of the lower seven UHF-TV channels for land mobile stations within 50 miles of 13 large urbanized areas (Docket 18261) and allocated a total of 40 MHz of radio spectrum (825-845 MHz and 870-890 MHz) to common carriers for the development of a nationwide, broadband, "cellular" mobile radio communications system (Docket 18262). Docket 18262 addressed itself to the need for additional land mobile spectrum between now and the end of this century, and

reallocated a large segment for the development of a compatible nationwide broadband radiotelephone system, and for private dispatch systems. This is a presently undeveloped area of the spectrum and has opened a wide range of possibility for acceleration of technological advancement and increased markets for the radio equipment manufacturing industry. The 900 MHz land mobile frequency allocation and assignment plan contains new regulatory concepts designed not only to foster efficiencies in the use of the radio spectrum and promote a competitive environment, but it is also a drastic departure from past practices and procedures. The "system approach" eliminates individual service frequency allocations - or blocks - and the necessity of long adjudicatory hearings. The specific "frequency loading" and "geographic separation" standards will facilitate and to a point routinize application processing.

3. The Commission is also reviewing current rules which are used by existing carriers to restrict competition in the mobile services. For example, the rules requiring public notice of major and minor system changes and the requirement that applicants obtain franchises prior to filing with this Commission are presently being reexamined to determine if they should be modified or eliminated.

The consumer will benefit from improved quality of service and potential for lower prices. Lengthy delays which the public has experienced in the past in obtaining mobile radio service (ranging up to several years in some areas) will be substantially reduced due to the allocation of additional spectrum and the reduction in the number of hearings.

C. International Communications.

The Commission has undertaken several specific actions designed to promote consumer interests in international communications services.

1. Cosat Rate Case - In its December 1975 Decision, the Commission determined Cosat's rate base, its fair rate of return and ruled that Cosat must reflect its distance-insensitive costs in its rate structure. The result of the Decision is significant rate reductions for the public and governmental users of international telecommunications satellite services. The Commission found that Cosat had not satisfactorily reflected the benefits of satellite technology in its charges and that its overall revenue requirement and resultant rate levels were unlawful.

2. MARISAT - MARISAT, the world's first communications satellite dedicated to maritime use, was launched February 20, 1976. The satellite will serve the nation's naval and commercial shipping interests. The MARISAT system is designed for high quality telegraph, voice, high and low speed data and facsimile transmission between ships at sea and shore stations on a 24 hour a day basis. The benefit to the public is a greater capability and reliability than available over present commercial maritime systems.

3. Overseas Dataphone Service - In January the Commission removed "voice-only" restrictions on the use of overseas message telephone service so that Dataphone terminals could be used internationally as an extension of domestic use. The Commission found that the expansion of specialized Dataphone-type services into the national arena was indicated by latent public demand. The Commission also encouraged the international record carriers to expand their switched record services such as Datel and to interconnect their facilities with AT&T's domestic MTS network. The result to the public is greater universality of services.

On balance, these actions will lead to lower costs and greater options for consumers in the international telecommunications sector and they are expected to generate new services and improved quality of existing services as well.

II. CABLE TELEVISION

A. Program Diversity.

Cable television is viewed as a communications medium capable of providing television viewers with much greater program diversity than can be offered by conventional television broadcasting. The Commission has undertaken a number of actions designed to increase the diversity of programming which cable systems can present to their subscribers.

1. The Commission adopted rules covering the television signals which a cable system could carry in 1966. With regard to the top-100 television markets, those rules provided that a cable system could not carry distant signals unless that carriage was approved by the Commission pursuant to an evidentiary hearing into the impact such carriage would have on local conventional television service. In 1968, the Commission suspended all such hearings then pending until the outcome of a concurrently issued, modified signal carriage proposal. This action was popularly referred to as the "1968 Cable Freeze" because it had the effect of curtailing cable television growth in the top-100 markets. The Commission "defrosted" this freeze in 1972 through the adoption of a comprehensive set of signal carriage rules which obviated the need for the evidentiary hearings required in the 1966 rules. As a result of this relaxation of the signal carriage rules, the cable television industry began sustained growth in the larger television markets.

2. On September 6, 1974, the Commission amended its signal carriage rules to permit the expanded carriage of television signals providing "late-night" programming. Specifically, the Commission now permits a cable system to carry such programming without restriction as to the geographic location of the television signal. The rules were further liberalized on July 30, 1975.

3. On March 28, 1975 the Commission issued an entirely new set of rules governing the program material which may be carried on cable systems for an additional per-program or per-channel charge (pay-cable). The new rules reflect a significant relaxation of previous restrictions on the types of program materials which could be shown on pay-cable. Specifically, the Commission:

- expanded the use of new films from 2 to 3 years;
- expanded the use of films over 10 years from only 12 per year to all films not shown on conventional television in a local market during the preceding three years (this should free up perhaps 10,000 or more films to cable);
- made every film, regardless of age, available if under contract to conventional television;
- greatly expanded the availability of sports events including those of the major professional leagues;
- permitted, for the first time, series type programs to be carried without restriction; and
- initiated an important new proceeding on "warehousing" and exclusivity between broadcasting and cable.

4. On April 3, and July 9, 1975 the Commission substantially modified certain of its rules governing the extent to which cable systems must delete the duplicative programming of one television station in order to protect the programming of another station. The changes represent actions designed to alleviate considerable consumer frustration concerning "black-out" channels.

5. On July 9, 1975 the Commission adopted rules concerning the extent to which cable systems must "black-out" the telecast of a sports event by a distant television station. The rule adopted by the Commission was very narrow, much more limited in application than a number of proposed rules. Accordingly, viewer choice was maximized to the fullest extent possible.

6. The Commission has further relaxed its signal carriage rules to permit the increased carriage of television stations which specialize in certain categories of programming.

7. On December 19, 1975 the Commission completely eliminated a previous restriction on the distance from which a television signal could be imported to a cable television (so called "leapfrogging rule"). This action should have a substantial impact on increasing program diversity.

Each of these actions has meant that cable television subscribers will receive markedly greater program diversity, which the Commission believes to be a consumer benefit of significant proportions.

B. Development of Cable Television Technical Standards.

The Commission has established technical standards to require a certain minimum quality of signal to be carried by a cable television system. The technical regulations further benefit the consumer by requiring that an applicant for a transmit or receive tower above a certain height must file a narrative stating details concerning the proposed tower; the Commission will then issue an environmental impact statement if necessary.

C. Public Access Channel.

In its 1972 Cable Television Report and Order, the Commission required cable television systems operating in the top-100 television markets to provide one channel specifically designated for the purpose of affording members of the general public first-come, non-discriminatory "access" to the cable system.

D. FCC Cable Complaint Service.

In March 1974 the Cable Television Bureau established a Cable Complaint Service to deal with complaints from cable television subscribers about the quality of service, to clear up misunderstandings between subscribers and systems with regard to the Commission's Rules, and to work with industry and state and local governments to develop complaint procedures. The Service has handled more than 2,000 individual complaints and has proved to be an effective catalyst in resolving problems.

III. BROADCAST

A. Increased Broadcast Coverage.

The Commission is statutorily commanded to insure that all the people of the United States receive truly adequate radio and television service. Accordingly, the Commission continuously evaluates its allocations and licensing policies to achieve this purpose.

1. Over the last ten years there has been a significant increase in the number of broadcast stations in operation. That increase represents in some cases a delivery of first service to part of the country and in every other case an increase in the diversity of services available to the consumers. The following table gives some idea of the magnitude of that growth in authorized stations:

<u>Type of Station</u>	<u>Number as of June 30, 1966</u>	<u>Number as of January 31, 1976</u>	<u>Increase</u>
AM	4,153	4,514	361
FM	2,046	3,772	1,726
TV	879	1,031	152

2. The Commission has undertaken two additional actions for the purpose of maximizing the distribution of radio services to all parts of the country. In 1964 the Commission adopted allocation standards to restrict the growth of AM stations because of its concern that harmful interference would result from the uncontrolled proliferation of AM stations. Since the adoption of those rules, however, the Commission accumulated evidence that those rules may have been unnecessarily restrictive in controlling the rate of expansion of the AM service, and that they may have failed to afford, in some cases, reasonable opportunities to satisfy developing needs for new and additional AM service. Accordingly, the Commission acted to relax the controls on the growth of AM stations to encourage further development of initial service and to expand the coverage of existing stations.

3. The FCC has also reopened its AM clear channel proceeding. [A Clear channel is one on which there is one dominant station (Class I-A) that operates with high power (from 10 to 50 kw) designed to render interference-free service over large areas at night. Class II-A stations operate on clear channels on a secondary basis.]

The Commission terminated the clear-channel proceeding in 1961, after amending its rules to permit assignment of a single unlimited time Class II-A station on 13 of the 25 clear channels, to help bring radio programming to approximately half the land area of the United States and about 25 million persons that were without nighttime primary service from standard broadcast stations. Eleven new stations were to be authorized in specific western states deemed to have a dearth of nighttime primary service. The remaining two channels were for stations that had to be removed from their existing frequencies under the U.S.-Mexican standard broadcasting agreement. With one exception, the 770 kHz frequency, the remaining 12 clear channels were held for possible future consideration for higher power operation, or in the alternative, eventual duplication of these channels. The Commission also said that it could decide, after allocation of the Class II-A stations, what further disposition should be made of the duplicated channels.

The development of Class II-A stations authorized since 1961 now shows that they will provide a first AM nighttime primary service to only about 300,000 people. The Commission concluded that further action regarding the clear channels was necessary. Accordingly, the Commission initiated a comprehensive inquiry to determine how best to further expand broadcast service to those who do not now receive it regularly, taking into consideration among other things the extent to which FM broadcast stations are now providing nighttime service to areas and populations unserved by AM radio stations.

B. Broadcaster-Citizen Dialogue and the Public Trusteeship of the Licensee.

1. The Commission considers broadcast licensees to be trustees of a scarce national resource, the limited radio spectrum. Accordingly, the FCC expects licensees to act strictly in accordance with the public interest and reviews their performance in this regard every three years. The principal component of the service rendered by broadcasters is their programming. In 1960, the Commission clarified its policies regarding the program responsibilities of Commission licensees. The "Program Policy Statement" made it clear that broadcasters must program their stations in a manner responsive to the "problems, needs and interests" of the communities they serve. To comply with this standard of service, the station licensee is required to "ascertain" the problems, needs and interests

their community through (1) interviews with leaders of community groups that reflect the composition of the community and (2) a survey of opinion of the general public. From this "community ascertainment" the broadcaster assembles a list of important community issues and informs the Commission of the manner in which the programming of the station will be responsive to those issues. Specific guidelines for community ascertainment were set forth by the Commission in 1971 and substantially amended and improved in 1975.

2. The Commission has also undertaken other actions to insure that broadcasters fulfill their public trusteeship. Most of these involve the public's ability to scrutinize broadcast conduct and to engage the broadcasters and the Commission in a continuing dialogue about station performance. Some examples are:

a) A decision which would permit citizens to enter agreements with broadcasters concerning certain aspects of station performance, provided that the broadcaster retains ultimate discretion to operate the station in a manner compatible with its perception of the public interest.

b) A requirement that the broadcaster must maintain a public file containing documents pertinent to the operation of the station in the public interest.

c) A requirement that stations actively solicit public comment on the extent to which viewers or listeners believe that the station has satisfied its public interest responsibilities.

3. Further, on September 26, 1972, the Commission adopted a document entitled, "The Public and Broadcasting - A Procedure Manual." The purpose of the Manual is to encourage and to assist members of the community in participating in Commission proceedings, and in working with broadcast stations to establish and preserve quality broadcast services. Directions are given as to the filing of various kinds of complaints, and participation in applications and rulemaking proceedings. The Manual was revised and reissued on September 5, 1974. Those who avail themselves of the Manual are able to channel their participation in Commission proceedings more effectively and in a manner more helpful to the Commission. The public may obtain copies of the Manual from the Commission. In

addition, each broadcast station is required to keep a copy of the Manual in its local public file, where it is available for inspection during normal business hours.

C. Equal Employment Opportunity.

The Commission has a strong record in promoting equal employment opportunities in the broadcast industry:

1. In 1968, the Commission expressed the view that discrimination in employment by broadcasters was incompatible with operation in the public interest, and instituted a rulemaking proceeding to explore various means of ensuring non-discriminatory employment practices by broadcast licensees.
2. In 1969, the FCC adopted rules which not only prohibited discrimination on the basis of race, color, religion or national origin but also required licensees to develop equal employment opportunity programs consisting of "positive, continuing. . .and specific practices." In this regard, the Commission was the first -- and, to this date, we believe, the only federal regulatory agency to adopt specific employment regulations for its licensees.
3. In 1970, the Commission adopted rules requiring each licensee of a broadcast station with five or more full-time employees to file with the Commission an annual employment report setting forth a statistical analysis of minority employees. We also adopted a rule requiring such stations to file a written equal employment opportunity program.
4. In May 1970, women were added to the classes of protected groups set forth in the annual employment report and, in 1971, we included women as well as minorities in equal employment opportunity programs.
5. In 1973, we established an Industry Equal Employment Opportunity Unit to review the effectiveness of our rules and policies in this area. In addition, the Commission established an EEO unit in the Renewal and Transfer Division of the Broadcast Bureau to ensure that broadcast licensees understand and comply with the Commission's non-discrimination rules.
6. Finally, in an effort to clarify and strengthen our policies and requirements with respect to equal employment opportunities, we issued in July of this year a Notice of Inquiry and Proposed Rulemaking concerning new guidelines in this area.

In sum, the Commission has made significant efforts in eliminating racial and sex discrimination from the broadcast industry and assuring that broadcast licensees afford equal employment opportunities to all persons. Since 1972, the Commission has conditioned the renewals of approximately 200 stations on the requirement that the broadcaster involved: (a) submit a list of community sources for job referrals of minorities and women and (b) report periodically -- more frequently and/or in greater detail than required by annual employment reports -- on the results of recruitment efforts, specifically identifying minorities and women hired or promoted thereby. In this same 1972-1975 period, as a result of EEO deficiencies, we have, relative to various licensees: (a) refused to grant (i.e., continued on deferred status) applications until we had received and analyzed detailed information on job candidate flow and utilization of protected-group employees; (b) renewed applicants for less than the full balance of their terms; and (c) designated licenses for evidentiary hearing.

D. Children's Television.

1. In November of 1974 the Commission issued a comprehensive Report and Policy Statement on Children's Television Programs. In the Report, the Commission noted that children require programming designed specifically for them and that, accordingly, we expected broadcasters to develop and present programs which will serve the unique needs of the child audience. The Report specifically stated several explicit responsibilities:

- a) To provide diversified programming designed to meet the varied needs and interests of the child audience;
- b) To place particular emphasis on educational or informational programming for children;
- c) To give special attention to the needs of pre-school children vis-a-vis older school-aged children; and
- d) To improve scheduling practices so that programming for the child audience is not limited to one or two designated days.

The Report also emphasized that particular care should be taken to insure that children are not exposed to an excessive amount of advertising.

2. To underscore the importance of children's television, the Commission has created a special task force to continuously oversee developments pertaining to children's issues. The task force, now composed of eight professionals, was established in February in 1970 and is currently very active on several fronts. For example, the task force was instrumental in arranging three panel discussions to be held in May of 1976 to consider the state and adequacy of existing research in the field and to consider directions for future research on (a) the question of cause and effect relationships between televised over-the-counter drug advertisements and the misuse of such products by young children, and (b) similar questions concerning the role of televised over-the-counter drug advertisements and the illicit use of restricted drugs by elementary school children, adolescents, and adults. The third panel, in addition to discussing research needs, will consider various actions that could be taken by broadcasters, advertisers, manufacturers, Congress, various governmental entities, schools, and the general public should action be deemed appropriate.

E. Fairness Doctrine Enforcement.

The Commission's Fairness Doctrine requires broadcast stations to (1) affirmatively seek out and present on their stations controversial issues of public importance; and (2) to insure that their programming reflects a balanced view of those controversial issues of public importance which they do present. This Doctrine acts to insure that viewers receive a healthy flow of information about issues of importance to them. The Fairness Doctrine and Political Broadcasting Branch of the Broadcast Bureau oversees licensee compliance with the Fairness Doctrine and acts on complaints from the public concerning possible violations of the Doctrine.

F. Political Broadcast Rulings.

In the early 1960's the Commission issued two interpretations of the equal time provisions of Section 315 of the Communications Act which declared that debates between candidates for public office and press conferences by candidates for public office were not "bona fide news events" and, accordingly, were not exempt from the provisions of the "equal time rule". The effect of these rulings

was to severely limit radio and television coverage of debates and press conferences. In a recent ruling the Commission concluded that its earlier rulings had been erroneous and had had the deleterious effect of denying the public that exposure to candidates and issues necessary to make informed choices at the polls. Consequently, the Commission reversed its prior rulings and now permits broadcast stations to cover debates and press conferences live and in their entirety without incurring equal time liabilities. The Commission believes that these recent rulings serve the public interest by enhancing the widest possible dissemination of information about political candidates and their views on important issues.

G. Cross-Ownership Rules.

In the past, the Commission indicated its concern for undue concentration of media control by adopting its one-to-a-market or duopoly rules which prohibit common ownership of broadcast stations with overlapping service areas. In addition, limitations had been placed upon the number of broadcast facilities a licensee could own, irrespective of the stations' locations. In 1975, the Commission addressed the question of concentration of media control from the standpoint of common ownership of newspaper and broadcast facilities in the same community. In its cross-ownership rules adopted on January 31, of last year, the Commission established (1) a prospective prohibition against any new broadcast-newspaper cross-ownership within the same community; and, (2) required divestiture of existing broadcast-newspaper combinations in certain cases where there was a genuine paucity of media voices. These multiple ownership rules "rest on two foundations: the twin goals of diversity of viewpoints and economic competition." These rules will help assure that alternative sources of news and information are available to the American public.

H. Obscene and Indecent Programming.

In recent years the Commission has acted to eliminate "obscene" and "indecent" material from the airwaves. In the 1973 Sonderling Broadcasting Co. case, the Commission took forfeiture action against the broadcast of obscene language on radio. The Court of Appeals affirmed the Commission. Last year, in the Pacifica Foundation case, the Commission issued a declaratory order which stated that some material which was not obscene within the standards set by the Supreme Court might nevertheless be "indecent" and, therefore, unacceptable for broadcast during hours when children might comprise a significant segment of the audience. The Pacifica case is now on appeal in the District of Columbia Circuit.

I. EBS.

The Emergency Broadcast System was developed under the auspices of the FCC for "the purpose of providing the President and the Federal Government, as well as heads of state and local governments, or their designated representatives, with a means of communicating with the general public at times of national emergency." The system is composed of AM, FM and TV Broadcast stations across the country, tied together by a complex network of independent entities operating on a voluntary, organized basis during times of national, state or local emergencies.

The Commission has been particularly active in developing EBS for use in times of local emergencies, for example, during a tornado, hurricane or any other widespread disaster. The benefit to the general public of EBS in terms of reducing loss of life and property is immeasurable.

J. Broadcast Consumer Complaints.

The Complaints and Compliance Division of the Broadcast Bureau receives and responds to thousands of individual complaints each month concerning the quality of broadcast service. For example, in December of 1975 the Commission received a total of 3,692 complaints from citizens, and in January of 1976 the total was 3,311. Despite limited resources, the Commission responded during one month to over 1,600 of the letters, cards and telegrams it received. This is in addition to the complaints acted on by the Commission's Field Operations Bureau and other operating bureaus such as the Cable Television Complaints Service (detailed elsewhere in the report).

K. Other Actions.

There are many other broadcast actions which, while perhaps less broad in scope than the foregoing, nonetheless involve significant consumer benefits. The following are prominent examples:

1. Subliminal Television Advertising. The insertion of subliminal advertising messages into entertainment programming in a matter that vitally concerns the public interest. Since present statutes require sponsor identification of advertising messages; and since the Commission has ruled that such identification must be readily perceived, the broadcast of such advertising is illegal. Other than two experimental programs; in 1957 and 1958, the Commission was not aware of any attempts at subliminal advertising until December of 1973. At that time, the subliminal technique was used as a part of a commercial message. Acting promptly, the Commission ruled on January 24, 1974 that even where the subliminal technique was contained within an advertisement, its use was deceptive and contrary to the public interest.

2. All Channel TV Receiver Legislation. By public law approved July 10, 1962 (PL 87-529), the Commission was empowered to require that television receivers shipped in interstate commerce have both VHF and UHF tuning capability. This legislation, which was initiated and actively supported by the Commission, has played an important role in sustaining the financial viability of UHF television stations in "intermixed" markets. The resulting benefit to the viewing public is a wider choice of television programs in many markets than would otherwise have been the case. Because of this intervention, UHF set penetration increased from 42% in 1967 to more than 90% in 1975.

3. NEPA. By Report and Order of September 26, 1974, (Docket 19555), the Commission adopted comprehensive rules implementing the Environmental Policy Act of 1969 -- PL 91-910. The rules require that the Commission's staff review all environmental information submitted in applications to determine whether they involve major environmental impact. If so, the case becomes a "major action" from an environmental standpoint and the application is removed from normal processing channels and placed on 30-day public notice, during which time environmental objections from the public are entertained. If genuine environmental problems are found which have not been resolved by amendment of the application, the staff must prepare a draft environmental impact statement and give public notice thereof in the Federal Register. The draft must also be circulated to other interested departments and agencies of government at both the federal and state levels. On the basis of inputs from all parties and sources the staff must then prepare a final environmental impact statement and forward it to the Council on Environmental Quality (CEQ). The full Commission may accept or reject the final environmental impact statement, which in either event becomes a part of the Commission document granting the application or, in the alternative, designating it for hearing on environmental issues.

4. Relaxation of Translator Rules. Until June 1968, there were only television translators, limited in power to one watt, available to bring television to remote and isolated areas. In that month, the Commission revised its rules to allow power of 10 watts west of the Mississippi River for VHF translators. In April 1969, the Commission created a microwave relay service for translators, enabling translators for the first time to be fed with high quality signals other than from off-the-air sources. The outmoded "code wheel" method of station identification which resulted in breakup of the picture, was abolished.

The need for identification of one-watt translators was eliminated. UHF television translator stations were permitted to originate locally, for no more than 20 seconds per hour, spot announcements soliciting or acknowledging local public financial support. UHF translators operating on unused channels in the Television Table of Assignments were authorized on a regular basis to operate with power of 1,000 watts. In 1970, the Commission created an entirely new translator service, providing for FM translators and FM booster stations. That same year, with the reallocation of the upper 14 UHF television channels from broadcast use to land mobile radio use, the Commission expanded the primary UHF translator band to the upper 15 channels below 70, relaxed separation requirements for UHF translators, and allowed interim use of channels reserved for educational stations by commercial translators. A new and vastly smaller assignment application form was created for translators, enabling licensees to use a 6-page form rather than the old 30-page form. Beginning in 1973, the Commission made, as a part of its legislative program, efforts to have Congress amend Section 318 of the Communications Act to allow FM translators to operate unattended and to allow limited origination by translators. As of June 30, 1966, there were 2,187 TV translators authorized and no FM translators; as of June 30, 1975, there were 3,389 TV translators authorized and 157 FM translators

IV. SAFETY AND SPECIAL

A. Land Mobile Radio Services.

Private land mobile radio use, as a result of FCC actions, as well as technological developments and marketing efforts by radio equipment manufacturers, has become almost universal for: (1) local government entities (e.g. police, state governments, fire, and health); (2) industry (e.g. petroleum, power, manufacturers); (3) enterprises (e.g. motor carrier, railroads). Today mobile radio is an indispensable tool in practically every significant activity in the nation, and the passage of time has resulted in steady improvements, in operational efficiency and economic savings to the radio using public, as well as improved public safety and more effective delivery of assistance in situations involving danger to both life and property. Some particularly noteworthy Commission actions in this regard are:

1. Emergency Medical Services. Docket 19880 amended Commission Rules and established an Emergency Medical Radio Service to permit radio communications networks to be authorized and used for the benefit and treatment of emergency victims and patients in general. This action accelerated technological research and development by the radio equipment manufacturing industry in a multiplicity of equipment areas and generally provided for improved patient care in emergency situations as part of the national effort to improve emergency medical treatment.
2. Automatic Vehicular Location. Docket 18302 amended Commission Rules to allow both the automatic location and instantaneous apprisement of the status of fleet vehicles (trucks, police cars, busses, taxi cabs, maintenance vehicles, etc.). The proceeding not only permitted improved service, and improved aid to distressed vehicles, it also allowed greater dispatching efficiency and acted as a hi-jacking and robbery deterrent.
3. Nationwide Policy Emergency Communication Channel (Docket 20560). The Commission established nationwide police emergency communications channel. The channel (155.475 MHz) was designated to provide all law enforcement agencies with the capability to communicate with other law enforcement agencies during emergencies. In the past, emergency enforcement activities, requiring assistance from other enforcement agencies, perhaps from another

state, have been hampered because no common radio communication frequency existed between participating agencies. The establishment of the common emergency was supported by all law enforcement agencies and it is the Commission's understanding that various states are already implementing the nationwide channel.

4. Docket 19790. This docket amended Commission rules to allow alarm signalling in the Power and Petroleum Radio Service, permitting automatic monitoring of such operations as proper flow of natural gas, oil, electricity, etc., and permitting instantaneous notifications of malfunction in these systems.

5. Miscellaneous. In other actions, the Commission has:

a) Allowed alarm signalling in Policy Radio Service to further the safeguarding of individual citizens property and lives.

b) Authorized highway call boxes for distressed motorists to receive timely assistance and/or emergency aid.

c) Permitted allocated frequencies to be used in connection with emergency operations to contain and remove the damage caused by oil spills.

B. Marine Radio Services.

The Commission has long been aware of the increasing congestion and reduction in efficiency of radio communications in the band 2000 to 2850 kHz. The United States through the efforts of the FCC was among the world leaders who proposed that use of double sideband radio be abandoned in favor of single sideband in order to relieve this congestion. The U. S. proposals were considered and agreed to at the World Administrative Radio Conference, Geneva 1967.

The Commission proposed a two phase program: (1) that vessels within 20 miles of shore employ very high frequencies (VHF) in the maritime services band 156-162 MHz; that the channel spacing in that band be reduced by one-half, in order to double the number of available frequencies; (2) that vessels beyond 20 miles from shore employ frequencies in the band 2000-2850 kHz; that frequencies in the band 2000-2850 be converted from the double sideband to single sideband mode of operation; and that the use of double sideband be discontinued effective January 1, 1977.

As a result of this program there has been (a) a substantial reduction in congestion and interference on frequencies in the 2000-2850 kHz band; (b) the number of vessels licensed for the use of very high frequencies (in the band 156-162 MHz) has increased from 19,000 in 1967 to 175,000 in mid-1975; (c) VHF has been established as the short-distance communication system in the United States waters [this is amply illustrated by the increase in number (1) of VHF public correspondence stations; 73 of which were authorized in 1967, as compared to 225 in 1975 and (2) of VHF ship stations]; and (d) improvements in the areas of safety, operational and public correspondence communications have been made possible by the increased number of VHF frequencies, by the availability of VHF on large numbers of vessels, and by the cost-wise expansion of U.S. Coast Guard VHF stations. Improvements in regard to congestion and interference in the frequency band 2000-2850 kHz has resulted from the transfer of a large quantity of marine communications from this band to the VHF band.

C. CB Radio Services.

The growth of Citizens Band Radio has been phenomenal and has presented the Commission with many difficult regulatory problems. In response, the Safety and Special Radio Service Bureau has undertaken an intensive study to determine the necessity of continued licensing of the CB service. The scope of this review included an appraisal of the total demand for CB radio services, improvements to current processing systems and an assessment of major policy questions before the Commission. The Bureau determined that because of legal problems (particularly, the reconciling of no license factors with Section 301 of the Federal Communications Act) and the strong possibility of increased non-compliance resulting in further congestion and chaos, it is absolutely essential to continue the individual licensing of CB stations. At the same time the Bureau recognized the essential need to find improved methods of licensing the CB service to avoid the extreme processing delays that have occurred in the past. The changes implemented by the S&SRS Bureau to accomplish this need are identified below:

1. Processing Changes:

a) October 1974: Citizens By Pass System Implemented. This system was developed on the concept that the applicant who completes his application correctly should not be held up in processing while applications not completed properly are processed. Under the system, all applications that appear ready to be granted are identified when the mail is opened and are passed directly to DAD keystroke. Incorrect or incomplete applications requiring return

to the applicant or further review are processed normally. This early identification of grantable applications eliminated much double handling and speeded processing for the bulk of the applications. The number of applications processed under the bypass method has increased from an original 65% to about 92% as more applicants are using the new simplified application form.

b) November 1974 - July 1975: Minor Processing Changes Incorporated. During this period and working very closely with the Financial Management Division and DAD, some 20 minor processing changes were incorporated at Gettysburg. Although no single change resulted in substantial man-hour savings, the cumulative effect of all the changes has been substantial, particularly in reducing the number of applications having to be returned to the applicant. Examples of the changes made are that applications are no longer returned solely for the reason that the applicant requests only one transmitter, and we now accept a less specific identification of the proposed station location.

c) December 1974: Revised Citizens Application Form. The revised CB application form (FCC Form 505) has greatly improved application processing from two standpoints: one is that the form is much simpler (12 data elements for the applicant to complete rather than 54) for the applicant to understand and complete, thereby greatly reducing the number of returns, and, secondly, the application examiner can process about two new forms in the same amount of time it took to process one old form. The result is an anticipated production increase of about 100%. It also greatly reduces the keystroking necessary for DAD.

d) July 1975: Discontinued Use of the Fee Machine, Except for Returns. This change is substantial, since it eliminated the time-consuming requirement that each application be hand placed in a fee machine and stamped. This was a double handling situation. The result was a production increase of about 100%. However, subsequently imposed requirements of the Federal Reserve System have somewhat negated these gains. Beginning October 1975, Gettysburg was required to encode the amount of the check on each check and microfilm it before deposit. This requirement

cost us from 1.5 to 2 MH. Fortunately these are relatively speed machines so there still was a net gain.

e) July-August 1975: Again Revised Citizens Form 505. After three months experience using the new application Form 505, we again evaluated the problems associated with its use and made minor clarifying modifications in the problem areas. We now expect even fewer returns when the new forms are in use.

f) July-August 1975: Established Separate Post Office Box Numbers for Each Service. By having five different applications processed at Gettysburg mailed to separate Post Office Boxes, we gain several benefits. First the Post Office will separate our application receipts by Service, prior to delivering the mail to Gettysburg, thereby saving us this sorting. Secondly, by receiving the mail, already sorted, we are able to give priority to a particular service, if necessary.

g) September 1975: Restructured Gettysburg Unit. The entire S&SRS Bureau unit at Gettysburg was restructured to streamline the processing of applications and incorporate all of the above changes. One principal benefit of the restructuring is to allow the earlier deposit of the application filing fees collected. The Gettysburg facility was also expanded and remodelled to provide better working conditions.

h) October 1975: New Mail Opening Machine. A low-cost Pitney Bowes mail opening machine was purchased for use in Gettysburg. This machine will open various size envelopes without prior sorting by size. This machine has been delivered and is in operation. It will allow a reduction of our mail opening team by a minimum of two man-years. The manpower savings will be diverted to mail sorting backlog reduction.

i) License Mailer. The mailer is a self-contained citizens radio license already in an envelope. After printing by the computer, the license form is burst and is immediately ready for mailing. The mailer is presently at the Government Printing Office with delivery expected by November 15, 1975. We expect a savings of 6 to 9 days in the handling time for each license produced. The public will get their license 6 to 9 days earlier and about 3 man-years will be saved in Administrative Services Division and DAD.

j) Separate Zip Code for Citizens Applications. We have requested the U. S. Postal Service to provide a separate Zip Code for CB applications. This is a further improvement over the P. O. Box with applications being automatically sorted by machine at the mail postal sort site before being forwarded to the Gettysburg Post Office. It will result in a speed up of application processing due to the manual sorting required at the Post Office for box numbers.

k) High Speed License System Design Study. An organization and management study to develop a high speed license processing system will be conducted prior to FY 1977 to design a high speed licensing system for the Gettysburg facility. Our objective in developing this system is to provide the capability of processing up to 1,000,000 applications per month at an average speed of service of 14 to 21 days. It is anticipated that the study may suggest acquisition of additional mail opening equipment, or equipment for optical character recognition (OCR). We hope to begin implementation by October 1, 1976. However, it may take up to nine months to become fully operational.

2. In addition to the ongoing changes listed above, there are several studies under consideration by the S&SRS Bureau which when completed may enable us to recommend a total new integrated system which will significantly increase production and speed of service. The studies under consideration are:

a) Point-of-Sale Licensing. A point-of-sale licensing system may furnish some benefits to the Commission and, if desirable, the legislative changes which the General Counsel believes are required for point-of-sale may be sought. On July 10, 1975, the staff met with representatives of manufacturers, importers, dealers and user groups on the subject of point-of-sale licensing. They all agreed that the length of time between purchasing a CB transmitter and receiving a license needed to be shortened. There was no agreement as to the method to accomplish this. Some thought the manufacturer should take the responsibility for overseeing a point-of-sale program; others thought it should be the dealers and still others thought that the whole problem belonged to the Commission and we should resolve it. All agreed point-of-sale should be voluntary as opposed to mandatory and that they should be paid some amount (a minimum of \$.50 per application) if they were

going to handle it. Because of the probability that some manufacturer or dealer might appeal a point-of-sale proposal, enabling legislation would probably need to be sought.

b) Prepaid Application Form. One proposal made at the meeting and endorsed by a majority of attendees, was to handle CB licenses much like some states do hunting and fishing licenses. The basic concept is that an applicant may operate with a temporary license within 72 hours of obtaining his transmitter from a dealer/supplier. This would be accomplished as follows:

(1) Applications would be designed on card stock and consist of three parts. Each of these parts would be pre-printed with the call sign.

(2) Packets of application forms would be pre-sold to dealers/suppliers at a discounted rate. Say \$3.50 per application or \$3.50 per hundred.

(3) When a purchaser of radio equipment requires a license, the salesman at his neighborhood store would merely take the application (already prepaid) and have the applicant complete Parts A, B, and C. Part C is the dealer's receipt of the transaction. Part B is a temporary license for say 60 days, effective 72 or less hours after Part A is dropped into a Post Office mailbox. Part A is the actual application, designed in post card fashion, with the correct FCC Gettysburg Mailing address printed on the reverse side. For this service to his customer, the dealer collects the \$4.00 filing fee. Keep in mind that the dealer has already paid \$3.50 to the FCC for this application. The \$.50 difference covers the dealer's handling.

(4) When the application is received at Gettysburg there is no mail opening required since it is in post card format. There also is no fee collection since the application has been prepaid. These two processes constitute our two most time consuming operations. The Bureau would then perform its normal review of the application and forward it directly to the keystroke unit. The applicant's 5-year license would be in the mail to him within 7-10 days of receipt at the FCC. If problems arise in processing the application; for example, an ineligible applicant for any reason, the applicant would be notified in writing,

with a copy to the nearest FOB Field Office, that he is ineligible and his temporary license would be cancelled.

(5) The postmarked application which will be returned by the Commission is evidence of the effective date of the temporary license.

V. EXPANDED PUBLIC PARTICIPATION IN COMMISSION PROCESSES

The Commission has attempted to expand public participation in its decision-making processes as a means of insuring that it renders better service to consumers. Among the elements of this program are the following:

A. Regional Commission Meetings.

A policy of holding regional meetings outside of Washington in various areas of the country to afford the public an opportunity to express their views. These meetings have been attended by the Chairman, other Commissioners and high-level staff personnel. Through this process, the Commission has received valuable insight into the matters which concern broadcast audiences and public-spirited citizens. In turn, the Commission has had an opportunity to explain the Commission's policies and regulations to members of the public. To date, regional meetings have been held in Chicago, Washington, Atlanta, Boston, Denver, Los Angeles, and San Francisco. Additional regional meetings will be scheduled later this year.

B. En Banc Commission Public Meetings.

Regional meetings are supplemented by en banc meetings in Washington. Public interest groups may request time to appear and present their views to the full Commission and to engage in dialogue about FCC policies and specific rulemaking matters. These meetings are held on a monthly basis according to public interest.

C. Actions Alert.

This publication is a weekly summary of decisions, rulemakings and other matters of interest to the public which is mailed directly by the Commission to groups which ask to be included on our mailing list. In addition, on major matters, the Commission sends these citizens groups a copy of the full text of the Notice of Proposed Rule Making. The objective is to further inform the public about the Commission's actions and to seek their input into our processes.

D. Direct Dial Telephone Access Policy.

Greater direct access to the FCC's staff when a member of the public may have a question about our regulations or a complaint about the conduct of a particular broadcasting station through the issuance of a telephone directory which identifies key personnel within the Commission functionally, according to

their areas of principal responsibility, and provides their direct dial telephone number.

E. Citizens Information Office.

An office to assist members of the public in cutting through bureaucratic red tape. We expect a decision on this project by the end of the fiscal year.

F. Field Operations Bureau.

The Field Operations Bureau inaugurated a series of educational and informational service activities designed to attain greater user compliance through a better public understanding of the rules of the Commission. In summary, FOB: (1) Conducts seminars for those persons interested in obtaining FCC commercial radio operator licenses. Potential operators are instructed in the fundamentals of radio station operation to assist them in qualifying for FCC operator licenses; (2) Conducts seminars for Citizens Band (CB) radio operators where FCC employees instruct CB operators in the proper use of their radios and procedures to observe which will reduce FCC rule violations by making the users aware of the reasons for and necessity of compliance; (3) Participates in workshops and symposiums with land mobile radio users. Here, again, intent is to educate licensees in the proper and efficient use of radio. These instructions are designed for "bulk users" of the radio spectrum -- police and fire departments, taxicab operators, and similar types.

During the last ten years (FY 1965 - 1975) Field Operations Bureau responded to 403,490 complaints of radio communication interference. Approximately 80% of the complaints concerned interference to Home Electronic Entertainment Equipment, i.e. television receivers. The remaining 20% involved various industrial, public safety (police and fire), aviation radio communications systems. Resolution of these interference complaints, especially those involving important communication and navigational circuits used in public safety, marine and aviation operations, has resulted in incalculable, but substantial savings of property and human life.

VI. REGULATORY REFORM

The Commission believes that perhaps the most consumer-oriented goal it could accomplish would be to make operation of the FCC in all of its aspects, as efficient as possible. Accordingly, it has implemented an extensive program of regulatory reform or "reregulation". Among the major elements of this reregulation are the following:

A. Substantive Reregulation.

1. Broadcast Bureau Reregulation Task Force. In April of 1972 a formal task force was formed to conduct a thorough and systematic review of all FCC radio and television regulations in an effort to make those rules simpler, easier to understand and more efficient. The task force has issued ten reregulation orders modifying or deleting nearly 400 unnecessary or antiquated rules and regulations. In addition, the task force has been instrumental in initiating a number of other reregulatory actions such as the development of a new, shorter, simpler radio renewal application form which is expected to improve license renewal speed of service. The task force has been responsible for significant changes in technical operating regulations which ultimately improve the quality of signal service received by the viewing and listening public.
2. Cable Television Reregulation Task Force. As in the Broadcast Bureau a formal task force was created in the Cable Television Bureau for the purpose of reexamining all aspects of the Commission's cable television rules to determine whether they were adequately and efficiently serving the public interest. Many of the revisions instigated by the task force are set forth in detail elsewhere in this report. In sum, over the last year and one half, the Commission has acted on 25 major modifications of the cable television rules in an effort to insure that federal regulation of cable television is intelligent and effective.
3. Common Carrier Bureau. As an integral part of reregulation, the Commission has placed considerable emphasis in recent years on the introduction of competition in selected segments of the common carrier industry. The Communications Act of 1934 does not permit the establishment or preservation of competition per se. Rather, the Commission's mandate is to regulate in the public interest. Thus, the Commission has authorized competition when and where there has been a reasonable expectation

that it will be viable and, most importantly, that it will serve the public interest.

In recent years, the FCC has taken several specific actions to open up selected segments of the communications market to competitive opportunities. In each instance, the area of competition has been carefully selected and delimited so as to avoid significant technical or economic harm to the basic, nationwide public telephone system.

As a consequence of these decisions, new firms are establishing themselves as viable, competitive suppliers of specialized communications equipment and services. To remain competitive, the established carriers have responded with their own innovative services, hardware and pricing plans. Consumers are realizing substantial benefits from these developments and, from the information available to the Commission, the telephone industry as a whole also appears to have benefited.

To date, competition has been introduced in four major common carrier areas, which are described in detail elsewhere in this report.

4. Other. Reregulation extends to all phases of the Commission's regulatory responsibilities. For example, sections in this report on Safety and Special Radio Services and Public Participation in the Commission's processes detail the reregulatory progress that has been made in those areas.

B. Adjudicatory Reregulation Task Force.

The Chairman, concerned about the possibility that the Commission's procedural rules might be unnecessarily delaying adjudicatory proceedings, created the Task Force on Adjudicatory Reregulation on July 5, 1974. Its responsibility was to conduct a comprehensive reexamination of the Commission's adjudicatory procedures and appropriate revisions of procedural rules to reduce unwarranted delays in the hearing process. The Task Force studied existing procedures at the FCC, the procedures of other agencies, and consulted with the FCC staff as well as American Bar Association and Federal Communications Bar Association committees.

On July 18, 1975, the Task Force on Adjudicatory Reregulation filed its Report to the Chairman setting forth proposals for changes in Commission hearing procedures which might eliminate or reduce delays in adjudicatory proceedings. Based on its exhaustive studies and consultations, the Task Force outlined ten basic areas

of possible reforms:

1. Consent Procedures
2. Processing of Radio Applications
3. Framing of Hearing Issues
4. Predesignation Procedures for Mutually Exclusive Applications
5. Petitions to Enlarge, Modify or Delete Hearing Issues
6. Written Procedures
7. Reliance on and Support of the Administrative Law Judges
8. Certiorari: Discretionary Review of Initial Decisions
9. Exceptions to Initial Decisions
10. Applications for Review

Within these ten areas the Task Force offered numerous proposals and/or options for Commission actions which might expedite the hearing process.

Following submission of the Task Force Report, the Chairman instructed a special committee to develop specific proposals and language for rule changes to implement Task Force recommendations. These rule changes were drafted after renewed discussions with the FCC staff, American Bar Association subcommittee members, and Federal Communications Bar Association members.

On September 17, the Chairman distributed for comment copies of the report to the Commissioners and bureau and office chiefs. Then on November 11, the Commission adopted a Notice of Proposed Rule Making upon the recommendations submitted in the Task Force's Report. It is anticipated that by February 1976 a series of recommendations will have been submitted to the Commission for its consideration.

The savings of time and resources which would result from adoption of these proposed rule changes are not susceptible to easy quantification. It is anticipated, however, that the regulatory reforms proposed in the notice will result in decreasing the time it takes to process an application in hearing to completion, and that the changes will afford a more efficient utilization of agency and public resources. In general, three elements are inherent throughout the proposed rule changes. First, optimum time tables for staff disposition of hearing items are prescribed. Secondly, shifts in responsibilities for interlocutory matters are proposed which will result in more efficient utilization of agency staff. Thirdly, duplicative or unnecessary review within the various tiers of the hearing process will be eliminated or reduced. The sum total of these changes will, hopefully, be to reduce delays and expedite agency adjudicatory hearings with resultant benefits to the public from faster and more efficient decision-making.

C. Program Review Analysis.

The Commission believes that the core of an effective program of developing the most efficient possible regulatory framework is a thorough and rigorous evaluation of the entire fabric of Commission regulation from a cost/benefit perspective. Therefore, the Commission has under active consideration at this time a "Program Review Analysis" project with two specific objectives: (1) to give the Commission detailed information and sufficient time within which to consider the external and internal resource impact of major policy decisions well before regulations are adopted to implement those policy decisions; and (2) to review existing Commission programs, bureau operations and resource commitments to inform the Commission with as much precision as possible the exact manner in which the agency's resources are being utilized and whether they are being employed in a cost/effective way. The ultimate result of this project should be significant budgetary savings, a better recognition of the Commission's regulatory mission, and a greater understanding of the specific economic implications of the Commission's regulations.

D. Administrative Activities.

The Commission inaugurated a Backlog Reduction Program with two major objectives in mind: (1) to develop simple, clear, user-oriented rules and forms which will aid the public in preparing more complete and accurate applications and other filings, thereby expediting Commission action; (2) to eliminate internal procedural bottlenecks, improve manpower utilization, increase staff productivity and resolve other problem areas which unnecessarily delay Commission action. To attain these goals Commission efforts are focusing on six major areas: (1) rule simplification which is a comprehensive review of all rules and regulations to insure that they are presented to the public in the simplest and most easy to understand form; (2) expansion of staff delegation which is designed to expand delegation of Commission authority to the staff to maximize the efficiency of the Commission by conserving its time principally for matters which cannot be resolved at lower staff levels; (3) mechanization of application processing which is designed to utilize computers to the greatest extent possible; (4) improved management through implementation of a comprehensive management information system designed to monitor progress and enforce deadlines; (5) establishment of personnel task forces whereby employees are transferred on a special task force basis from an area of underutilization to one of more pressing need; (6) innovative alternatives to existing procedures designed

to assure the best utilization of professional and para-professional personnel. Total effect of program implementation will be better and prompter service to the public. Specific projects within these six areas of activity are detailed below:

A. Rule Simplification

One of the principal thrusts of the Commission's entire reregulation effort is a comprehensive review of all rules and regulations to insure that they are presented in the simplest and most easy to understand form. Accordingly, the work of the Broadcast Reregulation Task Force in modifying or deleting nearly 400 broadcast regulations, for example, must be considered in the context of the Commission's Backlog Reduction Program. Rather than set forth again in this section all of the rules simplified in the Broadcast, Cable, Common Carrier, Safety and Special Radio Bureaus and in the area of adjudicatory reform, only those efforts at rule simplification which have not been previously discussed (or about which more information would be useful) will be discussed in detail here.

1. Broadcast

a. The Commission, on June 24, 1975, adopted a Report and Order (Docket 20205) instituting cutoff procedures for FM and TV applications similar to those procedures already in effect for AM applications. The Report and Order requires the Commission to publish periodic notices in the Federal Register listing FM and TV applications near the top of the processing line and announcing a deadline (not less than 30 days later) by which all petitions to deny and competing applications relative to applications included in the notice must be filed. The previous practice of accepting competing applications and petitions to deny at any time until the subject application was granted has proved inefficient and counterproductive, since receipt of a competing application filed against an application already in the processing chain may negate a considerable amount of previous staff analysis.

b. The planned restructuring of AM and FM renewal forms and concomitant reregulation of AM and FM renewals will reduce the amount of information which has to be filed for AM and FM renewal applications and thereby reduce the amount of staff review time normally required for renewal of aural stations. The de-emphasis of narrative submissions accompanying AM and FM renewal applications will permit the Commission staff to place greater emphasis on problem cases. Additional information on the progress of this project appears in the discussion of "Short Form Radio License Renewal" (see Broadcast Bureau tab).

c. The Commission has undertaken comprehensive studies in two areas which have assumed great significance in broadcast renewal proceedings:

(1) Ascertainment of community problems by broadcasters. In 1973 the Commission initiated a Notice of Inquiry to develop standards for the ascertainment of community problems and needs by commercial broadcast license applicants. A First Report and Order (Docket 19715), adopted on December 15, 1975, substantially revised the Commission's guidelines concerning ascertainment procedures to be observed by licensees. The revisions adopted in the First Report and Order (a) exempt the small market broadcaster (community population of 10,000 or less) from the requirement for maintaining records detailing the methods in which community needs were ascertained. These licensees, however, are still required to "remain conversant" with community problems; (b) delete the requirement that broadcasters submit to the Commission population and other demographic data previously required as part of the compositional survey of the community of license. The Commission does require, however, that a listing of certain demographic aspects of the community of license be maintained in the licensee's public file; (c) authorize licensees to use non-management

personnel, under the direct supervision of station managers, to conduct up to 50 percent of the required interviews with community leaders. The revised guidelines have, in effect, reduced the amount of supporting ascertainment documentation which licensees are required to submit to the Commission to, in most cases, a maximum of four or five pages (Community Leader Annual Checklist and Annual Community Problems-Programs Analyses).

(2) Broadcaster equal employment programs.

The Commission has initiated a rulemaking proceeding (Docket 20550) to amend its guidelines relating to licensee equal employment programs. The Commission adopted a Notice of Proposed Rule Making in this matter in July 1975. Comments have been received, and the Commission expects to issue a Report and Order during calendar year 1976. The current rulemaking efforts are aimed at strengthening the Commission's EEO rules and clarifying the Commission posture with respect to licensee compliance. The rule making proceeding, it is expected, will provide standards which broadcasters can more readily understand and, at the same time, clarify those areas upon which the Commission staff, in its review of industry EEO programs, will be expected to focus its analysis.

2. Common Carrier

a. In December 1974, a proceeding (Docket 19905) was initiated to revise and clarify Part 21 of the Commission's rules concerning common carrier mobile and microwave services. The proceeding is intended to simplify and clarify procedures for filing applications and minimize the petitions which delay settlement of substantive matters. The proposed changes, if adopted by the Commission, will provide optional procedures whereby competing applicants may resolve their differences without a formal hearing. The revised rules would also clarify the criteria for harmful interference, with the objective of reducing the number of contested and competing applications and thus the number of costly and time-consuming hearings. Other rule changes included in Docket 19905 are aimed at clarifying the present cutoff rules for filing competing applications. Commission action on this docket is expected early in 1976.

b. The FCC Rules for both microwave and mobile radio services were revised effective December 1975 (First Report and Order in Docket 20490) to provide for a separate licensee qualifications form which is filed annually and revised only when changes occur. This information will no longer be required each time a licensee submits an application to modify or extend his service. Further changes under consideration in this rule making proceeding

include "automatic grant" procedures for certain types of station modifications and rules allowing licensees to make minor engineering changes without prior FCC approval.

c. The Commission plans to initiate a general proceeding to update its rules for domestic satellite communications in the near future. Standardized conditions, procedures and forms will be developed to clarify filing requirements and expedite review of applications in this new and rapidly growing service. The tentative target date for implementation of revised rules is June 1977.

d. As part of its ongoing efforts to reduce administrative delay, the Bureau is continually refining its procedure of issuing blanket Section 214 authorization for overseas circuits used in a single ocean basin. This procedure allows international carriers to modify the number of circuits between points within the basin without Commission approval of each change, provided the total number of authorized circuits is not exceeded. Regulatory burden is reduced and carriers may respond more quickly to changes in traffic volume. Considerations will be given in the future to extending this technique to cable circuits.

e. The Bureau is also continuing to refine its grant procedures for international services whereby uncontested Section 214 applications not involving policy questions are automatically granted within a specified number of days unless the applicant is notified to the contrary by the Commission.

f. The staff is currently studying the feasibility of allocating additional frequencies for use by Multipoint Distribution Service licensees with the objective of reducing the number of competing applications. Recommendations will be submitted to the Commission early in 1976. Together with proposed rule amendments (Docket 19905) described in a. above, it is anticipated that the number of formal hearings required can be reduced. Potential annual savings range from one to four manyears for several years, depending on the willingness of applicants to utilize the optional procedures.

3. Cable Television

In November 1973, the Commission approved a "notification" procedure for authorization of certain types of television signals desired to be carried by existing cable television systems. This procedure was in lieu of filing a formal application for a certificate of compliance. Under the notification procedure, a cable

system merely notifies the Commission and others that it wishes to add certain signals and may then add the signals, without obtaining a certificate of compliance, if no objection to the proposed addition is received within 30 days after the notification. This quasi-automatic processing procedure has eliminated a significant segment of cases from the Cable Television Bureau workload without detriment to the public interest.

4. Safety and Special Radio Services

a. In May 1975, the Safety and Special Radio Services Bureau initiated efforts to consolidate the Bureau's land mobile rules into a single Part 90. Efforts have focused on three principal areas: (1) application processing and operational rules; (2) technical rules; and (3) the radio services and introductory subparts. The intent of this project, in addition to consolidating these three parts, is to delete unnecessary rules, consolidate requirements (such as developing a single set of rule requirements for coordination and station identification), simplify the language used in the rules, and introduce any other measures which will aid in making the rules more easily understood. The preliminary results of this project are, at present, being readied for presentation to the Bureau Chief. The Bureau expects to complete this project and present final recommendations to the Commission during 1976.

b. The Citizens Radio Service application form has been substantially revised during the past year. Data elements on the form previously numbered in excess of 50. In accordance with the Commission's continuing program of reregulation, the Citizens application form, effective August 1975, was reduced to include only 12 vital data elements. The reduction in information requirements imposed on the applicants has reduced the need for lengthy staff review of applications, helping the Commission to more effectively control the backlog in the Citizens Radio Service.

c. Other Safety and Special Radio application forms were revised during CY 1975 to eliminate some requirements for information considered desirable but not essential. Revised forms include FCC Form 480 (Application for Civil Air Patrol Construction Permit and License - revised May 75), FCC Form 501 (Application for Ship Radio License - revised July '75), FCC Form 502 (Application for Ship Radiotelephone and/or Radionavigation Station License - revised September '75), FCC Form 404 (Application for Aircraft Radio Station License - revised September '75), and FCC Form 406 (Application for Ground Station Authorization in the Aviation Service - revised November '75).

d. Effective December 1975, the Commission amended its rules regarding remotely controlled repeater stations, other remotely controlled stations, control stations and auxiliary link stations in the Amateur Radio Service to enable licensees to make minor technical changes in such stations without obtaining FCC approval of the modifications. This amendment has benefited Amateur Radio licensees by eliminating time-consuming regulatory requirements. Previously, the Commission received approximately 1,000 applications per year for changes in remotely controlled Amateur stations, each requiring a substantial amount of staff review. While deleting the requirement for prior Commission approval of changes in remotely controlled stations, the Commission will still have access to technical data concerning repeater modifications, if necessary, since licensees are required to record the appropriate data in station logs.

e. Effective January 1976, the Amateur radio application form will be revised to delete two requirements pertaining to renewal of operator licenses: (1) the requirement that a previously licensed operator certify that he has lawfully accumulated either two hours operating time in the last three months of his license term or five hours during the last twelve months of his license term at a licensed Amateur station; (2) the licensee's statement that he is able to send and receive International Morse Code at a speed not less than the speed which he demonstrated in qualifying for the original license. The deletion of these two requirements was prompted by the Commission's belief that the imposition of operating time and code speed requirements for renewal of the license constitutes an unjustifiable burden on a class of people already shown by Commission examination to have been previously qualified to operate an Amateur station.

f. The Commission is continuing its efforts to reregulate the Amateur Service. As an example of this continuing effort, the Commission will consider in January 1976 a staff recommendation to delete present requirements concerning operation of Amateur stations at portable or mobile locations for extended periods. At present, Commission rules state that an Amateur licensee who intends to operate his station away from the permanent station location for more than 15 days as either a portable or mobile station must notify the Commission in advance, providing such information as the specific geographic area of portable or mobile operation, authorized permanent station location, and the address at which the licensee can be reached. In proposing this amendment to the rules, the Commission staff seeks to eliminate a requirement which is not essential to the overall regulatory program.

g. The Commission's Aviation and Marine Division established a three-man task force in January 1975 to examine Parts 81 (Marine - Cost stations), 83 (Marine - Ship stations) and 87 (Aviation radio stations) of the rules with the objective of simplifying and updating the content of these sections. The task force has completed its recommendations concerning editorial changes to make the rules more easily understood and is now in the process of developing proposals for specific rules changes. This task force works on a part-time basis; because the work is intermittent, there is no target date for completion of the project.

B. Expansion of Staff Delegation Program:

The objective of the Commission's program to expand delegations of its authority to the staff is to maximize the efficiency of the Commission by conserving its time principally for matters which cannot be adequately resolved at lower staff levels.

1. Format Revisions - On December 31, 1973 the Commission adopted rule amendments changing the format and scope of its delegations to the Chief, Broadcast Bureau. Previously, delegations of authority had been expressed in terms of what specific actions the Bureau Chief was empowered to approve or deny. Actions not included in the authority specifically delegated to the Chief necessarily had to be referred to the Commission for consideration. As amended, the format for delegations of authority to the Broadcast Bureau lists those areas in which the Commission specifically wishes to retain authority; all matters not specifically reserved for Commission action are then implicitly delegated to the Bureau Chief. The general nature of this format insures that routine items which previously, in the absence of a specific delegation of authority, would have been referred to the Commission can now be disposed of at the Bureau level. This general delegation of authority is, however, limited by the Commission's expressed desire to examine all unique or particularly serious problems. The Commission, in approving the change in format for Broadcast Bureau delegations of authority, expressed its intent that the format for delegations of authority to other Bureaus should be amended in a similar manner. Since that time, the Commission has approved similar changes in the format of delegations of authority for the Safety and Special Radio Services Bureau (January 1975), Common Carrier Bureau (February 1975), and Field Operations Bureau (April 1975) in an effort to achieve greater efficiency in the use of the en banc Commission's time and effort.

2. Broadcast Renewals -

(a) As noted above, the Commission, in delegating authority to the Chief, Broadcast Bureau, specifically defines certain types of actions which must be referred to the en banc Commission. For example, all "petitions to deny directed against AM, FM, and TV applications for new or modified facilities, or for

renewal or assignment of license or transfer of control, when such petitions are timely filed and properly lie as a matter of law" must be referred to the en banc Commission. Except in instances where the Commission similarly directs that it wishes to retain complete authority in a certain matter, the "performance of functions and activities" ascribed to the Broadcast Bureau is delegated to the Chief of the Bureau. This general statement of authority delegated to the Bureau Chief has effectively expedited broadcast renewal proceedings.

The Bureau's consideration of broadcaster-citizen agreements provides one recent illustration of the manner in which this general delegation of authority has promoted efficiency within the Commission. In recent years, the number of petitions to deny filed against broadcast licensee renewal applications has greatly increased. In fiscal year 1969, only two petitions to deny were filed against licensees; from 1970 to the present, however, there have been approximately 300 petitions to deny filed against a total of 550 stations. A total of 94 petitions to deny, affecting 145 radio and television renewal applications, were filed in fiscal year 1975 alone. Because the en banc Commission must examine each petition, a considerable backlog has developed in this area. To obviate the need for time-consuming Commission consideration of petitions to deny, broadcast licensees and petitioners have sought to reconcile conflicts through the mechanism of broadcaster-citizen agreements. The Commission, in action on December 10, 1975, adopted a policy statement prescribing acceptable conditions for valid broadcaster-citizen agreements. In issuing this statement, the Commission did not explicitly reserve for itself authority for examining the actual provisions of such agreements. The Chief, Broadcast Bureau, has therefore assumed authority for approving such agreements as a condition for withdrawal of previously filed petitions to deny. This implicit delegation of authority to the Bureau Chief is expected to (1) save a considerable amount of staff time which might otherwise have been expended in presenting individual agreements to the Commission for ratification, (2) promote reductions in the backlog of petitions to deny, (3) expedite action on renewal applications.

(b) Additionally, the Commission reserves for itself authority to act on "commercial AM, FM and TV renewal, transfer, and assignment applications which vary substantially from prior representations with respect to non-entertainment-programming or commercial practices." The decision as to when licensees violate Commission rules regarding this "promise versus performance" standard necessarily involves a judgment factor. During the past two years, the Commission has devoted a considerable amount of time and effort to consideration of cases involving this issue and, in the course of its deliberations, has issued guidelines defining relevant principles. The Broadcast Bureau, as it studies principles endorsed by the Commission, has been able to refine its own analysis of the promise versus performance issue. As a result, the Bureau staff has been better able to determine which cases, because of

substantial variations from prior representations, warrant referral to the en banc Commission. Cases which the Bureau staff determines do not, in light of preceding Commission actions, pose substantial variation from prior representations can then be disposed on delegated authority. Thus, the increased awareness on the part of the Bureau staff of the Commission's posture regarding promise versus performance, developed on the basis of policies and interpretations previously established by the Commission in cases of a similar nature, has enabled the Broadcast Bureau to effectively utilize its delegated authority to limit the number of routine cases referred to the Commission for action.

What we believe is needed, is a flexible plan, a plan which recognizes the licensee's responsibility to contribute to an informed electorate but one which will also permit the agency's limited resources to be directed toward those broadcasters who may really need regulatory attention. The Commission is developing -- for purposes of application processing -- internal guidelines concerning reasonable levels of performance for radio stations and for television stations based primarily on what most responsible broadcasters actually do. If an otherwise qualified licensee attains this level of service -- and if its application is uncontested -- it will be expeditiously renewed by the staff. If the application does not meet these standards, it will be reviewed by the Commission itself.

This concept of processing guidelines, and of staff delegations based thereon, is also being considered in other areas pertinent to renewal; for example, commercial policy and "promise vs. performance". Once again, the effort would be to reserve the Commission's time and attention for the really serious cases of over-commercialization or deviation from station proposals. This program should greatly enhance the manner in which uncontested renewal applications are handled at the FCC. The whole process will be one which can be quickly completed, logically explained and easily understood.

3. Cable Television

a. In September 1974, the Commission delegated authority to the Chief, Cable Television Bureau, to act on all requests for temporary authority which were either unopposed or presented extraordinary circumstances requiring immediate action. These special procedures have had a dual benefit: (1) the processing of temporary authorizations has been expedited, (2) the Bureau has been able to simplify the format for temporary authorization requests, easing the burden on licensees.

b. Since January 1975, authority has been delegated to the Bureau Chief to take action in areas related to:

- (1) conditional grants of applications;
- (2) complaints
- (3) petitions for waiver or special relief of network program nonduplication provisions;
- (4) certificates of compliance;

- (5) petitions seeking waiver of certain provisions of the Commission's rules governing cable television franchises;
- (6) show cause orders.

This expansion in delegated actions has eliminated a great deal of staff preparation for Commission agenda items, permitted more timely decisions on a broad range of actions, and stimulated the Bureau's dramatic reduction in backlog over the past year.

4. Common Carrier

In February 1975, the Chief, Common Carrier Bureau was given new authority to:

- a. dismiss petitions patently violating the Commission's Rules;
- b. grant extensions of time in non-hearing cases;
- c. Approve construction projects including non-common carrier satellite earth stations, costing less than \$10 million or with an annual rental of less than \$2 million (compared to a \$2 million and \$250 thousand limitation set in 1957);
- d. Act on requests for reduction or cancellation of forfeitures;
- e. Act on Section 214 applications by telephone carriers to discontinue telephone service, which normally involve the purchase or exchange of property and do not interrupt service to the public.
- f. Act on telegraph applications to close message delivery station or relocate telegraph offices, which are generally of a routine nature.
- g. Act on final applications to discontinue branch telegraph offices, after ascertaining that the proposed closure will not unduly inconvenience telegraph patrons.

5. Safety and Special Radio Services

In January 1975 three new major categories of authority were delegated to the Chief, Safety and Special Radio Services Bureau:

- (a) rule waivers of longer than 180 days,
- (b) ship exemptions from the provisions of the Communications Act of 1934, as amended, or of international treaties of conventions, after coordination with the Coast Guard, and
- (c) the designation of applications for hearing.

C. Mechanization of Application Processing Systems:

1. Broadcast

The Broadcast Bureau expects, through development of the Broadcast Application Processing System (BAPS), to ultimately implement a computer design which will be able to assist in processing broadcast applications. The basic work on the BAPS project was completed during fiscal year 1975. The Bureau expects to complete the final design concepts for implementation of the system during 1976. The benefits to be derived from this system include, for the immediate future, quicker access to information on the status of pending applications and, for later periods, better service on application processing.

2. Common Carrier

(a) The first phase of an automated system for processing wire and radio common carrier ground mobile base station applications is scheduled for implementation early in 1976. This system will perform the administrative processing functions and produce public notices, construction permits, licenses and station jackets. At the same time it will maintain an updated data base and a history file. Full implementation in the fall of 1976 will add the capability to evaluate technical parameters and produce management information reports. When fully implemented, the system should enable the Mobile Services staff to achieve a significant reduction in current backlog and cope with projected 1977 workload increases without additional clerical personnel.

(b) An automated system for microwave services application processing is now being introduced. Its objective is to automate most clerical functions in producing public notices, construction permits, licenses and processing documentation. It will create and maintain an accurate data base which will assist engineering evaluation and management control. In support of this project, a common disk-orientated data base structure and update procedures have been developed for use by both the Common Carrier Bureau and the Safety and Special Radio Bureau. Target date for full implementation is mid 1976.

(c) Projects to automate application processing activities for both Domestic Earth Station applications and international 214 applications have been initiated. With both systems, first phase efforts are concentrating on building a data base of existing applications and providing Transaction listings and status reports on pending applications. When fully implemented by the end of 1976, these systems will provide full capabilities for automated applications processing, technical and economic evaluation and analysis and management information reports. Both systems will assist the staff in improving their productivity.

(d) Processing of individual mobile radio applications was computerized during June 1976 and the backlog in this area has been reduced virtually to zero.

3. Cable Television

The cable television computerized data management systems, consisting of ten discrete data files, will permit the Cable Bureau to expand its data collection activities. The first data file has been computerized. Work is continuing on the remaining nine files, with completion of the entire project scheduled for the end of fiscal year 1977. Information derived from the annual cable reporting forms, applications and pleadings will be included in the data base. Ready access to this data will permit the Bureau to manage its application processing functions more efficiently.

D. Improved Management through Implementation of Comprehensive Management Information Systems:

Continuous improvement in overall Commission efficiency, a general goal of reregulation, can only be insured by high levels of productivity in the management of the Commission. Accordingly, the Chairman has initiated a number of new management techniques designed to (1) monitor the progress of routine processing functions and action on major policy-making matters and (2) enforce deadlines for decision-making to insure that matters are resolved in a timely and expeditious fashion. Among these management techniques are:

1. FCC Management Team - This team, consisting of the Chairman and Bureau and Office Chiefs, meets weekly to plan staff workload and to insure that matters of major significance are brought before the Commission with reasonable dispatch.

2. Report to the Chairman on Critical Projects -

These reports are submitted by all twelve Bureaus and Offices within the FCC to the Chairman of the Commission. The reports provide a description of items pending before the Commission which Bureaus and Offices consider to be of major significance. The reports show the date particular projects were initiated, the target date for completion, factors which may delay completion and the name of individuals having primary responsibility. The Chairman uses the reports to keep himself and his immediate staff aware of important issues and proceedings pending before the Commission. These reports are usually submitted quarterly.

3. Commissions's Three-Month Calendar -

This calendar is prepared quarterly based on (1) the Chairman's Critical Projects Reports, and (2) the list of topics scheduled for discussion at special meetings of the Commission. The three-month calendar is distributed to Commissioners and principal staff members of the FCC and is also published as a Public Notice and in the Federal Register. It shows major items scheduled for Commission discussion and/or action and the schedule of significant events which will take place at the Commission.

4. Other Management Reports -

The Commission also utilizes several other management reports to establish its priorities, monitor the progress of backlog reduction efforts, and provide advance indication of potential problem areas which may hinder backlog reduction. The principal reports used for these purposes are:

a. Management Data Notebook - This notebook is prepared monthly based on the pending applications data reported by the Broadcast, Common Carrier, Cable Television, and Safety and Special Radio Services Bureaus for each month. The notebook gives a month-by-month recapitulation of application receipts and disposals, and pending applications for each of 28 different services licensed by the FCC. Also included are brief explanations of any circumstances which may be responsible for (1) trends which develop in regard to monthly receipts, disposals, or pending application statistics, (2) abnormal variations from average receipts, disposals, or pending applications totals. The notebook

also contains graphic illustrations of the FCC personnel strength, Commission-imposed forfeitures, fees collections, and a statement of the progress being made in the FCC backlog reduction program.

b. Major Matters Before the Commission - This report is prepared annually to apprise the Congress and the Commission of the status of major matters pending before the Commission. Items included in this report are categorized as:

- (1) Market Practices and Conditions Affecting Competition
- (2) New Services or New Forms of Competition
- (3) Reprogramming FCC Resources or Improving Procedures and Program Effectiveness
- (4) Policy Formulation Providing Guidance to Industry and Staff

This report contains a one-page synopsis of past milestones relating to the historical development of each case or proceeding considered to be a major matter, and a brief statement of the actions which must be undertaken before final resolution of the matter. Copies of the Major Matters Report are submitted to the Senate Commerce Committee and the House Interstate and Foreign Commerce Committee.

c. Report of Pending Applications and Hearing Cases (McFarland Report)

This report, duplicated monthly and submitted to the Speaker of the House and the respective chairmen of the House Interstate and Foreign Commerce Committee and the Senate Commerce Committee, lists all applications for major categories of services which have been pending before the FCC for 90 days or more (120 days in the case of applications which require public notice and a 30-day waiting period before the Commission can take action). For each application listed, the report indicates whether the application is held up by factors internal to the FCC or factors external to the FCC. The McFarland Report also includes a list of pending hearing cases in which the hearing record has been closed for six months or more.

d. The Commission's Agenda Projection for Policy and Rule-Making Items -

This report is prepared monthly based on information submitted by the Broadcast Bureau, Common Carrier Bureau, Safety & Special Radio Services Bureau, Cable Television Bureau, and Office of Chief Engineer. The report lists all policy and rule-making items which the above bureaus/offices plan to submit to the Commission for consideration during the period covering the last two weeks of the month in progress and the succeeding two months. Bureaus/Offices list only those actions for which they have primary responsibility. This report includes, for each action: the subject matter and docket number, origin and date, date work was begun on the action, and special remarks pertinent to each action.

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e. Annual Backlog Reduction and Management Improvement Progress Report -

This report, initiated by the Commission in October 1973, provides a detailed analysis of measures implemented by the Commission during the course of the calendar year to improve the Commission's ability to effectively manage the backlog of applications pending. The report provides information on six critical elements of the backlog reduction program:

- (1) Rules and forms revision projects;
- (2) Management surveys;
- (3) Bureau and office management improvement projects;
- (4) Management information systems;
- (5) Activities of the Commission's Backlog Control Committee;
- (6) Results of backlog reduction activities.

E. Establishment of Personnel Task Forces:

The lack of adequate personnel can contribute to the development of backlogs. Accordingly, the Chairman and the Commission have implemented a program whereby employees are transferred on a special task force basis from an area of underutilization to one of more pressing need. The following are examples of this program;

1. AT&T Phase II Task Force - In response to the AT&T's filing of proposed rate increases which were estimated to produce about \$400 million of additional interstate message toll telephone revenues, the AT&T Phase II Task Force was formed in June 1972 to investigate the relationship between Western Electric and the Bell System operating companies and to examine major operating and maintenance expenses of the companies, plant investment and tax accounting and to study the internal structure of message toll rates. In starting this Task Force the Commission determined that 60 positions would be required to complete the program. Twenty-five percent of the requirement was met through a reprogramming of 15 existing positions in FY 1972. As the Task Force's workload began to decline, the Commission commenced to transfer task force resources to other projects. In FY 1975, nine of the positions in the Task Force were reallocated to the Common Carrier Bureau to meet the urgent requirements of the new ATT Tariff Filing of January 1975, as well as a related case in a Tariff Filing for WATS. During FY 1976 the Commission will reprogram the remaining positions in the Task Force to its continuing surveillance program in the Common Carrier Bureau.

✓ 2. AM-FM-TV Renewal Task Force - With the dramatic increase in petitions to deny renewal of broadcast station licenses, the

Renewal Branch of the Broadcast Bureau found it increasingly difficult to cope with the rising backlog of such petitions. By summer of 1974, the backlog of petitions to deny totaled 139. The Chairman authorized the establishment of a special task force consisting of six attorneys to assist the Renewal Branch during the period of September 1974 to May 1975. Fourteen petitions to deny were disposed of by this task force during the nine months of its existence. Considering the attorneys' lack of experience in renewal cases and their unfamiliarity with legal precedents peculiar to the renewal cases and their unfamiliarity with legal precedents peculiar to the renewal process, the output of the task force was considerable. The task force helped, during a particularly crucial period, to control the rising backlog of petitions.

3. Common Carrier Reprogramming of Personnel - On April 17, 1975, the Common Carrier Bureau completed a critical re-examination of the Bureau's capability to respond to new and urgent demands which have resulted from recent Commission action and industry filings. The Commission, after examining the Common Carrier requirements in light of other Commission priorities, reallocated a total of 20 positions from other Bureaus/Offices to assist the Common Carrier Bureau's efforts to control its rising backlogs, particularly with regard to recent tariff filings by major common carriers.

F. Innovative Alternatives to Existing Procedures

1. "Petition to Deny Days" - In May 1975, the Commission instituted a practice of devoting a special meeting each month to the examination of petitions to deny filed against broadcast station license renewal applications. The Commission expects, through the "petition to deny days", to examine every new petition to determine if an early decision can be made as to whether the petition raises substantial and material questions concerning the licensee's performance. On the basis of this decision, many petitions can be resolved within weeks or months rather than years. As noted in the discussion of delegations of authority, considerable backlog of petitions to deny has developed, attributable in large part to the increased role which citizens have assumed in the regulatory process. As of July 1, 1974, 139 petitions to deny, affecting the renewal of 228 broadcast stations licenses, were awaiting processing. Despite the addition of more than 100 new petitions since that time, the

current backlog of petitions (as of December 29, 1975) numbers 76 petitions involving a total of 109 broadcast licensees. The Broadcast Bureau, through implementation of the petition to deny day and supplemented by other measures (increase in Renewal Branch staff attorneys, expanded use of delegated authority, creation of the six-man ad hoc task force), has thus evinced considerable success in controlling the backlog of petitions to deny.

2. Cross-training of AM-FM engineers - Early in 1975, faced with the loss of one key engineer, the Broadcast Aural New and Changed Facilities Division found itself understaffed in engineers able to process FM applications. Valuable staff time was lost while engineers previously assigned to AM applications gained experience in FM processing. To avert such a situation in the future, the Division instituted a policy of insuring that all assigned engineers are familiar with the rules and forms for both AM and FM applications. It is the goal of the Division to insure that all of its assigned engineers ultimately have a minimum of six months' experience in both AM and FM application processing.

3. Word Processing Surveys - Bureaus and Offices within the Commission have become increasingly dependent on word processing systems as one potential means of controlling application and hearing backlogs. A management survey was conducted in mid-1975 of the Broadcast Bureau word processing requirements. The Bureau will install a centralized word processing unit early in calendar year 1976. A similar management survey is currently in progress in the Common Carrier Bureau to assess possible applications for word processing equipment within the overall operation of the Common Carrier Bureau.

4. Employment of Para-professional Personnel - The Commission has underway affirmative efforts to reprogram resources through increasing the utilization of para-professionals in lieu of professionals. The Commission believes this is a program with a significant potential as the Commission staff is composed of 39% professionals. To date, the following has been accomplished:

- engineers in field reduced from 205 to 187.
- field public service offices staffed with para-professionals in lieu of electronics engineers.

- creation of 70 para-professional positions, including Broadcast and Cable Television Analysts, in lieu of professional positions.

The Commission plans to complete its review of remaining professional positions to determine additional areas suited for para-professionals. This review is scheduled for completion by June 30, 1976.

5. Processing Procedures at the Gettysburg Field Office - There are five types of Safety and Special Radio Service applications processed at the Commission's Gettysburg office: Aircraft, Ship, Amateur, Citizens, and Restricted Permits. The Commission attempts to give priority in processing to the Aircraft and Ship applications, since these services play an essential role in marine and aeronautical safety. Recently, with the exceptional increase in Citizens applications receipts (230,804 applications received in FY 1973 versus 1,059,820 in FY 1975), it has become exceedingly difficult to isolate Ship and Aircraft applications from the bulk of Citizens and Amateur receipts. Ship and Aircraft applications are therefore subject to inordinate delays. To better cope with this situation, the Safety and Special Radio Services has established separate Post Office boxes in Gettysburg for each of the five services processed at that location. Applicants for the Gettysburg services have been instructed to submit their applications to the appropriate box number assigned to the desired type of service. This system of separate postal boxes was implemented in August 1975, though its effectiveness has, to date, been limited because applications containing outdated mailing instructions are still widely in use. The use of separate Post Offices boxes facilitates the identification and sorting of the different types of applications at the local Gettysburg post office and, when fully implemented, is expected to permit applications processors in Gettysburg to restore some degree of priority to Ship and Aircraft applications.

Because of the exceptionally large input of Citizens applications (more than 300,000 per month at present), however, the Gettysburg local post office, even with the use of separate box numbers, has not been able to efficiently sort all the Commission applications which it receives. With no appreciable increase in staff, the local post office has had to absorb an increase of almost 200% in Commission mail during the past two years. To aid the post office in handling this mail and to further refine the sorting process, the Commission requested in October 1975 that the Postal Service provide a separate zip code specifically for Citizens applications. Use of a separate Citizens radio application zip code will enable the Postal Service to sort Citizens applications by machine at the main postal sort site before the applications even reach the local post office. By eliminating much of the manual sorting currently performed at the local level, the establishment of a separate Citizens zip code will help to further increase applications processing capability.

One further measure implemented to expedite application processing is the Citizens By-Pass System. This system was developed on the concept that the applicant who completes his application correctly should not be held up in processing while improperly completed applications are processed. Under the system, all applications that appear ready to be granted are identified when the mail is opened and are passed directly to the Data Automation Division for keystroking. Incorrect or incomplete applications requiring return to the applicant or further review are processed normally. This early identification of grantable applications has eliminated double handling for the majority of Citizens Service applications.

6. Use of a By-Pass System for Other Safety and Special Radio Services. The Safety and Special Radio Services Bureau has also implemented a modification of the by pass method described in the preceding paragraph for Industrial, Public Safety, and Land Transportation radio applications. All such applications are initially examined upon receipt to determine whether there are potential problems in any of the following areas: conflict with Canadian frequency authorizations; requirement for an antenna survey to comply with Federal Aviation Administration requirements; "quiet-zone" restrictions pertaining to applications for service in those areas of West Virginia, Virginia, or Maryland requiring referral to the National Radio Astronomy Observatory in Green Bank, West Virginia; the requirement for an environmental impact statement on towers exceeding 300 feet in height. Applications requiring further analysis because of one of the above situations are set aside for special study while less complex applications continue in the processing chain. Through use of the by-pass system, "problem" applications are not allowed to impede work on applications filed after the problem application.

Benefits: The Commission employs various means of measuring the effect of the backlog reduction program. The most direct measure is the month-to-month fluctuations in the number of applications pending before the Commission, monitored through preparation of the monthly Management Data Notebook (copy attached). The Notebook indicates, for Broadcast, Common Carrier, and Cable Television services, the number of applications pending at the conclusion of each month as well as the number of applications which have been pending for more than 90 days in each service. For Safety and Special Radio Services, the Notebook reports the average speed for service on applications processed during a given month. Thus, benefits of the backlog reduction program are usually measured in terms of a decline in the number of applications pending or in increased speed of service to the public. The results of the Commission's backlog reduction program have been marked. There are several services which have achieved significant reduction in deferred applications during the current calendar year. Of the 17 Broadcast, Common Carrier, and Cable Television services charted (excluding Cable-Section 74.1109 Petitions), there are 11 services in which the total number of applications pending for 90 days or more* has declined since the beginning of CY 75. In 8 of these 11 services, the percentage reduction in applications pending for 90 days or more has been greater than the reduction in overall backlog:

	Percent Change in Overall Backlog CY 1975	Percent Change in "90 Day" Backlog* CY 1975
AM Licenses & Minor Changes	- 11%	- 9%
FM Licenses & Minor Changes	- 19%	- 2%
AM-FM-TV Assignments & Transfers	+ 3%	- 25%
AM-FM-TV Renewals	- 14%	- 29%
Domestic Public Land Mobile - CP's & Transfers/Assignments	- 39%	- 47%
Domestic Public Land Mobile - Licenses & Renewals	- 72%	- 75%
Rural Radio	- 85%	- 82%
Pt/Pt Microwave - CP's & Transfers/Assignments	- 43%	- 49%
Multipoint Distribution Service	- 10%	- 14%
Cable - Certificates of Compliance	- 52%	- 67%
Cable - Special Relief	- 26%	- 38%

For further details see the attached Management Data Notebook.

*applications pending for 120 days or more, in the case of Common Carrier service

Costs: It is extremely difficult to estimate the costs of the Commission's backlog reduction program for several reasons: (1) As with the benefits derived from the program, many of the costs of the specific programs overlap to a great extent. It is difficult to apportion costs to the staff delegation program, for example, apart from the costs involved in the rule simplification projects since many individuals are involved simultaneously in the two areas; (2) A multitude of factors impact on the Commission's backlog reduction efforts. It is impossible to accurately catalogue every single measure which has promoted backlog reduction; (3) Many of the costs are intangible in nature. For example, as a result of the forms revision effort, the Safety and Special Radio Services Bureau no longer requires information on the manufacturer of marine radio equipment utilized by licensees.